

**IDAHO STATE BOARD OF EQUALIZATION
OPEN MEETING
MINUTES OF MEETING HELD AUGUST 19, 2015**

In attendance: Commissioners Tom Katsilometes, Richard W. Jackson, Ken A. Roberts, and Elliot S. Werk; Rick Anderson, George Brown, Valerie Dilley, Alan Dornfest, Steve Fiscus, Dwayne Hines, and Jerott Rudd, Erick Shaner, and Phil Skinner.

Guests: Benn Brocksome.

State Board of Equalization for 2015 (Board). Commissioner Katsilometes introduced those in attendance.

Commissioner Katsilometes noted an amendment to the agenda for this meeting was proposed and posted yesterday to include an update of the Idaho Power and PacifiCorp (Rocky Mountain Power) operating property appeals. Pursuant to Idaho Code 74-205(4)(b) I will accept a motion to amend the agenda to have it reflect the Proposed Sixth Amended Notice of Open Meeting and Schedule of Proceedings agenda posted yesterday.

ISTC Chairman Richard W. Jackson moved that the Proposed Sixth Amended Notice of Open Meeting and Schedule of Proceedings agenda posted yesterday be adopted, and Commissioner Elliot S. Werk seconded. There were no comments or questions. All voted in the affirmative and the Sixth Amended Notice of Open Meeting and Schedule of Proceedings was adopted.

Review of County Abstracts

The first order of business was a review of the status of the abstracts of assessments in the counties. Mr. Alan Dornfest, Property Tax Policy Bureau Chief, was recognized to report on the status of the abstracts.

Mr. Dornfest introduced himself and noted that all of the counties' abstracts had been received. Mr. Dornfest reported the Property Tax staff is working with a few of the counties to be reviewed to ensure they are adequately in compliance. Mr. Dornfest noted that equalization action by the Board was not needed at this time. Discussion followed.

Commissioner Katsilometes asked if the Board had any additional questions or comments. The Board will equalize and consider the adoption of the state-wide county property roll abstracts on Monday, August 24, 2015, at 9:00 a.m. (MDT).

There were no questions

Update on Bannock County regarding abstract values

The second order of business was an update on Bannock County regarding abstract values. Mr. Dornfest was recognized to report on the status of the Bannock County abstracts' Idaho Code 63-602NN issues.

Although there was a formal ISBOE hearing on the Bannock County issue scheduled in Bannock County, it did not occur. Instead Commissioner Katsilometes, with staff from the ISTC Property Tax Division met with the Bannock County commissioners in executive session at the county commissioners' meeting. All voting ISBOE commissioners, Chairman Jackson,

Commissioner Roberts, and Commissioner Werk, did not attend the executive session, just the county commissioners' open meeting. (also noticed as an ISTC open meeting.)

Mr. Dornfest reported that the Bannock County issue has been resolved. The Bannock County commissioners have reviewed and passed the resolution. The Property Tax staff does not anticipate any further problem.

Follow-Up Ratio Study

Commissioner Katsilometes noted the third order of business was a follow-up report on the Ratio Study. Mr. Dornfest was recognized to report on the Ratio Study.

Mr. Dornfest noted that the final 2014 ratio study was completed in April 2015. This study showed seven primary categories of property in six counties, Elmore, Gem, Jerome, Lincoln, and Madison, to be out of compliance with the Commission established standards for assessment level. Compliance or non-compliance has been determined based on the Commission's annual ratio study. In this study, the burden of proof of non-compliance is on the Tax Commission, so primary categories found out of compliance are those for which the level of assessment is tested with ratio studies and is statistically, provably outside of a range from 90% to 110% of market value.

Mr. Dornfest covered the ratio studies and noted that all the categories were restored to compliance. Discussion followed on the need for clarity with the small samples submitted by some counties.

There were no more questions or comments.

"4-Rs" Report

Commissioner Katsilometes noted the fourth order of business was a report regarding the Railroad Revitalization and Regulatory Reform Act or '4R Act'. Mr. Dornfest was recognized to report on the status of the "4-Rs" Report.

Mr. Dornfest recommended that the Board adjust the values for the assessments, since the federal law prohibits the personal/industrial property from being 5 percent below the level of assessment of railroad property. Mr. Dornfest recommended adjustments to comply with the 5 percent requirements with the reductions be implemented prior to apportionment voted on at Monday, August 24, 2015, ISBOE meeting.

The Board agreed to make the calculations to comply with the federal law and the ISBOE equalization. Steve Fiscus, Property Tax Division Administrator, liked this direction to make the calculations for presentation of railroad values on Monday and Commissioner Werk was comfortable seeing these values are equitable and comply with federal law.

There were no more questions.

Update on Idaho Power and PacifiCorp (Rocky Mountain Power) Appeals

Commissioner Katsilometes introduced the last order of business was an update on the operating property appeals of Idaho Power Company and PacifiCorp (Rocky Mountain Power). Erick Shaner, Deputy Attorney General, was recognized to report on the status of appeals.

Mr. Shaner reported that the Property Tax staff and the taxpayers, Idaho Power Company and PacifiCorp (Rocky Mountain Power) reached an agreement on the taxable values. One of the issues in dispute was the calculation of flotation costs. Tax Commission Operating Property Staff recommend the flotation cost issue, not the methodology, for the negotiated rulemaking process. The Property Tax staff will continue to work with the taxpayers on a resolution for issues that may arise with operating property valuations.

Mr. Shaner thanked the commissioners and the operating property staff, especially Jerott Rudd, for all their efforts working with the taxpayers, Idaho Power and PacifiCorp (Rocky Mountain Power) and legal counsel, Richard G. Smith, Hawley Troxell Ennis & Hawley LLP.

Recess the Board

There being no further business, Chairman Katsilometes recessed the Board until the next reconvening at the Tax Commission's main office in Boise on August 24, 2015, at 9:00 a.m.

Valerie J. Dilley
Secretary

Tom Katsilometes
Chairman – Idaho State Board of Equalization